



## Fact Sheet

## Criminal Investigation

www.treas.gov/irs/ci

Report suspected tax fraud - 1-800-829-0433

April 2002

**Construction Industry Fact Sheet**

Tax Fraud investigations are the main component of IRS Criminal Investigation's efforts to foster voluntary compliance with the tax laws. Many of these investigations include white-collar financial crimes in legal industries and involve individuals from all facets of our economy.

Special Agents of IRS Criminal Investigation have investigated and recommended to the Department of Justice for prosecution several individuals involved in the construction industry. The investigations have ranged from tax evasion to money laundering.

**Statistical Information:****FY1999-2001**

|                                   |       |
|-----------------------------------|-------|
| Criminal Investigations Initiated | 533   |
| Prosecution Recommendations       | 384   |
| Indictment/Inform. Filed          | 370   |
| Convictions                       | 324   |
| Incarceration Rate                | 76.1% |
| Avg Months to Serve (all Sent)    | 28    |

**Case Summaries:**

*The following case summaries are excerpts from public record documents on file in the court records in the judicial district in which the cases were prosecuted.*

- Two Construction Company Partners Sentenced in GATX Bid-Rigging and Kickback Scheme.** New Jersey... On May 31, 2001, Elliot Apter was sentenced to 46 months in prison, and Richard McConagly was sentenced to 33 months for paying kickbacks to employees of GATX Terminals Corp. to get their help in rigging contract bids. The judge also ordered full restitution - \$3.6 million to be paid by the defendants. Apter and McConagly are partners in Task Management, Inc. (TMI) and admitted that kickbacks were paid so that contracts would be awarded to TMI and other companies that they controlled and recommended. The two men pled guilty in February and are the first defendants to be sentenced in the government's bid-rigging investigation.
- Prison Sentence For Contractor.** Pennsylvania... On September 8, 2001, Stanley Rabner was sentenced to 20 months imprisonment, three years of supervised release and ordered to pay restitution of \$218,145 to U.S. Department of Housing and Urban Development (HUD). Mr. Rabner, owner of Fredmont Builders, targeted low income homeowners who obtained loans under the Property Improvement Loan Insurance Program (Title 1) administered by HUD by falsifying documents sent to lenders under Title 1, which would fraudulently qualify the homeowner for loans. Fredmont would make the improvements, and

upon default by the homeowner, HUD would reimburse the commercial lenders for the unpaid balance of the loan. Rabner also filed false corporate and personal tax returns by understating his income.

- **Las Vegas Contractor Pleads Guilty To Tax Charges.** Las Vegas... On October 30, 2001, Michael Long, the president and managing executive officer of Raneri and Long Roofing, Inc. and National Roofing, Inc. pled guilty to attempting to evade and defeat tax. Long admitted that he willfully attempted to evade and defeat \$194,548 in personal income tax for the years 1992 through 1996. Additionally, Long also admitted he caused false quarterly Employer's Federal Tax Returns to be filed for Raneri and Long Roofing, Inc. and National Roofing Inc. The returns for Raneri and Long Roofing Inc, did not include cash wages paid to employees totaling more than \$950,000 and for which in excess of \$350,000 tax was due the government. Unreported wages for National Roofing, Inc. amounted to \$440,015, with more than \$155,000 in taxes due the government. Long faces up to five years in prison and a fine up to \$250,000, restitution, and costs of prosecution.
- **Owner Of Construction Company Pleads Guilty.** Pennsylvania... Thomas C. Manos pled guilty to charges of mail fraud and filing a false personal income tax return. Mr. Manos was a participant in a scheme to defraud a hospital by overbilling for construction work performed by his company, Enlightened Roads Construction. Mr. Manos' tax return for 1995 falsely reported consulting expenses of \$208,300, when in fact he had no expenses and the correct amount should have been zero.

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